

BEFORE THE TENNESSEE REGULATORY AUTHORITY AT

NASHVILLE, TENNESSEE

January 3, 2002

IN RE:

**JOINT APPLICATION OF VARTEC TELECOM, INC.,
VARTEC TELECOM HOLDING COMPANY,
TELEGLOBE HOLDINGS (U.S.) CORPORATION, EXCEL
TELECOMMUNICATIONS, INC., EMERITUS
COMMUNICATIONS, INC., AND LONG DISTANCE
WHOLESALE CLUB, INC. FOR APPROVAL OF
TRANSFERS OF CONTROL**

DOCKET NO.
01-00935

ORDER APPROVING TRANSFER OF AUTHORITY

This matter came before the Tennessee Regulatory Authority (“Authority”) at a regularly scheduled Authority Conference held on November 6, 2001 for consideration of the Joint Application of VarTec Telecom, Inc. (“VarTec”), VarTec Telecom Holding Company (“VarTec Holding”), Teleglobe Holdings (U.S.) Corporation (“Teleglobe Holdings”), Excel Telecommunications, Inc. (“Excel”), eMeritus Communications, Inc. (“eMeritus”), and Long Distance Wholesale Club, Inc. (“LDWC”) (collectively, “Joint Applicants”) for approval of a transfer of authority to provide utility services pursuant to Tenn. Code Ann. § 65-4-113.

Requirement of and Standards for Authority Approval

Tenn. Code Ann. § 65-4-113 requires a public utility to obtain Authority approval to transfer its authority to provide utility services. Tenn. Code Ann. § 65-4-113(a) provides as follows:

- (a) No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority to provide utility services, derived from its certificate of public convenience and necessity issued by the authority,

to any individual, partnership, corporation or other entity without first obtaining the approval of the authority.

Tenn. Code Ann. § 65-4-113(b) provides the standards by which the Authority shall consider an application for transfer of authority, in pertinent part, as follows:

(b) Upon petition for approval of the transfer of authority to provide utility services, the authority shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer. . . .

The Joint Application

In the Joint Application, which was filed on October 10, 2001, the Joint Applicants request that the Authority approve, pursuant to Tenn. Code Ann. § 65-4-113, the transfer of control of Excel, eMeritus and LDWC from Teleglobe Holdings to VarTec Holding. After the completion of the transaction, VarTec will be an affiliate of Excel, eMeritus and LDWC, and all four will be indirect, wholly-owned subsidiaries of VarTec Holding.

According to the Joint Application, Teleglobe Holdings, through its ownership of intermediary companies, controls one hundred percent (100%) of the equity of Excel, eMeritus, and LDWC. Neither Teleglobe Holdings nor VarTec Holding directly hold any authorizations to provide service in Tennessee, while Excel, eMeritus, LDWC and VarTec do hold such authorizations.¹ Teleglobe Holdings, VarTec Holding, eMeritus and LDWC are all Delaware corporations, and Excel and VarTec are Texas corporations.

¹ eMeritus was granted authority to provide operator services or resold telecommunications services in Tennessee by Order dated July 13, 1998 in Docket No. 98-00032. Excel was granted authority to provide operator services or resold telecommunications services in Tennessee by Order dated June 26, 1996 in Docket No. 96-01030. LDWC was granted authority to provide operator services or resold interexchange telecommunications services in Tennessee by Order dated April 26, 1996 in Docket No. 96-00230. VarTec was authorized to provide operator services or resold interexchange telecommunications services in Tennessee by Order dated August 23, 1995 in Docket No. 95-02796.

Public Interest Considerations

According to the Joint Application, the proposed transaction will not involve a change in the manner in which Joint Applicants' customers will receive their telecommunications services. The acquisition will be transparent to Joint Applicants' customers in terms of the rates, terms and conditions of services that they receive. The transaction will be transparent to the acquired companies' Tennessee customers.

The Joint Application also states that the proposed transaction will benefit consumers because the Tennessee operations of the acquired companies will be able to draw upon the resources and experience of the VarTec management and operational personnel to augment their ability to provide their Tennessee customers with high quality, state-of-the-art services. According to the Joint Application, the technical, managerial and financial staff of Excel, eMeritus and LDWC will be led by the technical, managerial and financial staff of VarTec.

Findings

Based upon careful consideration of the Application, the Authority finds and concludes as follows:

1. The Authority has jurisdiction over the subject matter of this Application pursuant to Tenn. Code Ann. § 65-4-113;
2. Teleglobe Holdings (U.S.) Corporation ("Teleglobe Holdings"), Excel Telecommunications, Inc. ("Excel"), eMeritus Communications, Inc. ("eMeritus"), and Long Distance Wholesale Club, Inc. ("LDWC") have been granted authority to provide telecommunication services in Tennessee;
3. Ownership of Teleglobe Holdings (U.S.) Corporation ("Teleglobe Holdings"), Excel Telecommunications, Inc. ("Excel"), eMeritus Communications, Inc. ("eMeritus"), and

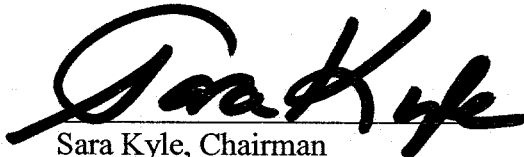
Long Distance Wholesale Club, Inc. ("LDWC") will be transferred to VarTec Telecom Holding Company, resulting in a transfer of the authority granted these companies to provide utility services;

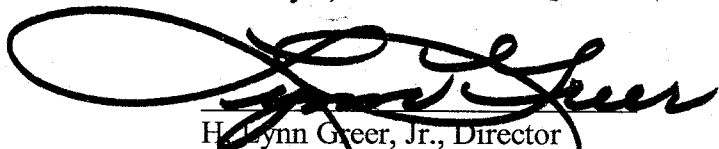
4. Approval of the transfer of authority is appropriate pursuant to the provisions of Tenn. Code Ann. § 65-4-113.

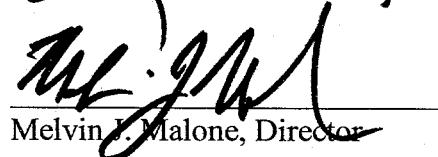
IT IS THEREFORE ORDERED THAT:

1. The Joint Application of VarTec Telecom, Inc., VarTec Telecom Holding Company, Teleglobe Holdings (U.S.) Corporation, Excel Telecommunications, Inc., eMeritus Communications, Inc., and Long Distance Wholesale Club, Inc. for approval of the transfer of authority described herein is approved; and

2. Any party aggrieved by the Authority's decision in this matter may file a Petition for Reconsideration with the Authority within fifteen (15) days from and after the date of this Order.


Sara Kyle, Chairman


H. Lynn Greer, Jr., Director


Melvin J. Malone, Director

ATTEST:


K. David Waddell, Executive Secretary